

The Impact of Corporate Social Responsibility on Competitiveness of Liquor Enterprises

A Case Study of Wuliangye Group

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ABSTRACT

As society evolves, corporate social responsibility (CSR) is increasingly considered to be part of corporate competitiveness. The liquor industry is perceived as operating in conflict with fulfilling CSR. To investigate the impact of CSR on corporate competitiveness in China's liquor industry, this paper examines Wuliangye Group's CSR based on a stakeholder perspective from 2008 to 2020 and quantifies competitiveness by integrating financial performance such as liquidity and profitability with non-financial performance through principal component analysis. The study found no relationship between CSR and Wuliangye Group's competitiveness but separating financial and non-financial performance we found that the consumer dimension of CSR had a significant impact on financial performance, while the other dimensions had no significant relationship, and all dimensions had no impact on non-financial performance. Therefore, actively fulfilling their social responsibility to consumers may be an important way for second- and third-tier wine companies to improve their competitiveness.

Keywords: Corporate Society Responsibility, Liquor, Competitiveness, Financial Performance, Consumer

1. INTRODUCTION

Liquor has a long history in China, and liquor industry is one of the key sectors for China development, especially for capital market. But in recent years, the liquor industry has been undergoing significant changes. Since the Third Plenary Session of the 18th Central Committee, the central government has introduced the "Eight Provisions" and "Six Prohibitions", and high-end liquor consumption has been hit hard. Sales of low-end liquor have been affected by traffic control and have been sluggish, while the market share of low-end liquor has been partially encroached upon by the red wine market. The problem of overcapacity has always existed in China's liquor industry, and coupled with the bad impact of the 2012 liquor plasticizer incident, the growth rate of liquor industry output has fallen off a cliff since 2012, from 32% in 2011 to 4% in 2014, and has even been falling since 2017. The poor external business environment and overcapacity within the industry have intensified competition among liquor companies, and the

liquor industry seems to have entered a cold winter[1]. In order to survive in the winter, liquor companies have adjusted their business strategies to reduce the production and prices of high-end liquor, innovate sales channels and marketing models, and build brands, especially first-tier liquor companies have laid out low- and mid-range liquor products.

The liquor industry is moving toward an oligopoly market, and the Matthew Effect is obvious. There is a capacity ceiling in the overcapacity liquor industry, but at the same time, liquor consumption is still showing an upward trend. This reflects the trend of lower liquor consumption frequency but higher unit prices in China, and therefore, branded companies will also enjoy better brand dividends. Maotai and Wuliangye Group revenue has exceeded 100 billion yuan, and the revenue of the Fenjiu also exceeds 10 billion yuan, but the revenue of the listed liquor companies ranked behind is less than 1 billion yuan. The civilianization of first-tier liquor companies is also squeezing the living space of second- and third-tier companies, and the competition in the

entire liquor industry is becoming increasingly fierce.

China's liquor industry is undergoing profound changes, and the development prospects are still promising. The China Wine Industry Association expects that in 2025, China's liquor industry output will achieve a total brewing output of 8 million kiloliters, up 6.7% from 2020, and sales revenue of 800 billion yuan, up 35.6% from 2020. Amid such great changes and prospects, it is particularly important for second- and third-tier companies to improve their competitiveness.

With the development of society, in addition to the traditional advantages of enterprise scale and product quality, corporate social responsibility has also become an important part of the sustainable development and competitiveness of enterprises[2]. By actively undertaking social responsibility to enhance corporate reputation, enterprises can improve their competitiveness.

From a corporate value chain perspective, there is no industry that has sustained and significant impact on society and environment that the liquor industry does, from the raw material production and processing to product consumption stage[3]. Thus, liquor companies are faced with contradiction between obtaining normal profits and fulfilling their social responsibility. Fulfilling social responsibility requires liquor companies to pursue the economic benefits of liquor while taking into account the interests of raw material suppliers, consumers, the social and environmental impacts accompanying the production process and responsibilities of various stakeholders such as public service and contention[4].

According to Brand finance's 2020 Global Spirits Brand Rankings, brand value of Wuliangye is \$20.872 billion, up 30.14% year-over-year, making it the second most valuable spirits brand in the world. This article examines the impact of social responsibility on the competitiveness of liquor companies based on a stakeholder perspective, using the Wuliangye Group as an example. Through the study of Wuliangye Group's social responsibility fulfillment and competitiveness from 2008 to 2020, suggestions are provided for liquor companies to fulfill their social responsibility to improve competitiveness.

2. LITERATURE REVIEW

2.1. CSR and Competitiveness

Over the years, scholars have conducted a series of studies on CSR's impact on corporate competitiveness and financial performance. However, there is no uniform conclusion on the relationship between CSR and corporate competitiveness.

Most researchers conclude positive relationship between CSR and competitiveness. Shapiro believes that fulfilling the corresponding social responsibility can

enhance the company's own image and create a good reputation, thus increasing the competitiveness of the company[5]. Elif conducts a survey taking all non-financial public firms listed on BIST-100 index and finds CSR enhances financial performance. He further finds that the enhancing effect is negatively related with ownership concentration[6]. Lu et al show that CSR influence plenty of aspects of activities, like reputation, brand, financial capacity, specificity of product, consumer loyalty, market share, etc. which are sources of competitive advantage [7]. Branco et al found that maintaining a good relationship with stakeholders contributes to the overall strength of the company through the study of CSR disclosure information related to Portugal [8]. Vanda et al. studied 253 large firms operating in Poland through exploratory factor analysis in which three factors were identified: marketing, innovative activities and corporate social responsibility, and finally proved that marketing activities, innovative activities and the application of corporate social responsibility are key sources of competitive advantage for large firms operating in the market [9]. Hafiz used simple random sampling technique to collect data from 229 listed companies in Pakistan Stock Exchange to explore the mediating role of corporate image and customer satisfaction in the relationship between CSR and financial performance and finally found that CSR has a significant impact on the financial performance of the company by creating a positive image among stakeholders and reducing the total cost [10].

However, there are some scholars who argue that CSR has a negative impact on competitiveness, typified by Friedman, who argues that the cost of fulfilling social responsibility is to consume internal and external resources and increase the financial burden of the firm, thus increasing its costs. As a result, socially responsible firms generate relatively less profit than those that do not, resulting in a relatively poor economic position [11]. Nollet et al. confirmed that corporate social performance has a negative significant effect on capital gains in a linear model by examining the effect of CSR on the financial performance of S&P 500 stock companies during the period 2007 to 2011[12]. Syed and Butt used a dataset of all listed companies in KSE 2009 - 2013 to collect facts and data on corporate social rationality disclosure based on different sources such as corporate governance disclosure, official reports of directors, company chairman's statements, published financial statements and found that there is a negative impact of CSR on companies in Karachi Stock Exchange (KSE-100) index [13].

Moreover, Iqbal et al. studied four industries in Pakistan and found no significant effect of CSR on competitiveness [14].

In response to so many different findings, some scholars have also conducted research to explain them.

Since the measurement of CSR is the most complex issue in CSR research, conflicts in measurement content and methods make CSR measurement more difficult [15]. Many scholars believe that the study of large sample data is representative and generalizable by using the stakeholders of the company as the framework of CSR measurement [16]. However, impacts of CSR on competitiveness vary depending on the industry in which the company operates [17]. Even with the same stakeholders, companies in different industries may have different social responsibility expectations [18]. AH. Servaes and A. Tamayo's study came to four conclusions: first, CSR strengthens a company's value due to high public awareness and is correspondingly more likely to suffer greatly if a liability incident occurs; second, when public awareness is low, CSR has either no or a negative impact on company value; third, when a company's socially responsible behavior is inconsistent with the company's overall reputation When it is not consistent with the company's overall reputation, advertising can have a negative effect on the value generated by CSR; fourth, there is no direct relationship between social responsibility and company value [19].

The relationship between the interaction between the benefits and costs of CSR is complex, which makes the results of the study appear different. A panel data regression by Guo and Wu on 55 Chinese international construction companies and 473 observations from 2010 to 2019 confirms an inverse U-shaped relationship between CSR and competitiveness, which suggests that a company's competitiveness initially increases with its CSR involvement, but decreases from the threshold level where CSR costs start to gain priority [20].

Some scholars have also divided CSR into different dimensions to refine the impact of CSR on competitiveness. For example, Dahlsrud divides CSR into four dimensions: environmental, social, economic, shareholders (suppliers, employees, consumers and society) and voluntary. The environmental dimension is directed to the policies of environmental companies, ensuring a clean environment, sustainable use of resources and raw materials activities and solving other problems related to nature. The social dimension is linked to mutual cooperation, achieving a compromise between business organizations and social needs, and solving existing social problems. The economic dimension discusses how to ensure the long-term profitability of activities, while providing for sustainable economic development of the world, a cleaner environment, integration with society and philanthropic activities, not regulated by the legislative framework. The Stakeholder Dimension emphasizes that companies implementing socially responsible activities consider the interests of their stakeholder groups and respect the interests of their employees, suppliers, customers and partners). The Voluntary dimension represents philanthropic activities, i.e., companies engage in charitable activities voluntarily,

rather than under compulsion [21]. Based on Dahlsrud's differentiated dimensions of CSR, Lu et al. studied 33 Lithuanian companies that participated in the Global Compact through a questionnaire survey and found that all four dimensions have a positive impact on corporate competitiveness. They further point out that different dimensions have different effects on different components of competitiveness, for example, financial affordability is mainly influenced by environmental and economic dimensions, while productive capacity is more related to social and shareholder dimensions. In contrast, the study by Tantala et al. found that the social dimension of CSR has no significant effect on firm competitiveness and that the voluntary dimension has a negative impact on competitiveness [7].

2.2. CSR and Competitiveness in Liquor Industry

It has been pointed out that the different empirical results may be caused by differences in the development of countries, industry characteristics, etc.

Liquor companies have been controversial due to the high energy consumption and pollution nature of the production of liquor products and the adverse effects of excessive liquor consumption. Logan and Connor argue that from the perspective of the corporate value chain, no industry has as significant an impact on society and the environment as the liquor industry, at the stages of raw material production, product processing, and product consumption [3]. Orley and Logan further argue that stakeholders have special and higher expectations for the social responsibility of alcoholic beverage companies [22].

Due to the special nature of liquor products, the increased competitiveness, sales and profits of liquor companies may also pose health risks to the public, making it particularly important for liquor companies to fulfill their social responsibility and to find a balance between enhancing their competitiveness and fulfilling their social responsibility [1]. Guo and Zeng analyzed the importance of CSR for alcoholic beverage enterprises in the context of industry background and production processes, and assessed the current status of CSR of alcoholic beverage enterprises from the perspective of stakeholders and special industry issues using content analysis. It was further found that the degree of fulfillment of social responsibility in various alcoholic beverage sub-sectors varies greatly [23]. Ling et al. selected a sample of listed companies in the alcohol industry from 2007 to 2013 and conducted an empirical study on the social responsibility and performance of listed alcohol companies in China from the perspective of stakeholders [24]. Ran points out that the ecological responsibility of liquor companies is consistent with the interests of stakeholders and is necessary to build a sustainable competitive advantage [25]. Weng and Zeng

selected 12 listed liquor companies and conducted a model analysis of their social responsibility and competitiveness rankings in 2012, concluding that social responsibility has an increasingly important positive impact on competitiveness [4]. Zhang took the "plasticizer" incident of liquor as an example, and used food safety, social responsibility and market reaction as key words to point out that the negative market reaction caused by the failure to fulfill social responsibility would seriously affect the competitiveness of enterprises [15]. Guo and He found a complex inverted U-shaped relationship between competition and corporate social responsibility in the liquor industry, and further concluded that the competitive position of liquor companies and their social responsibility have a negative relationship [26].

3. Data and Methodology

The purpose of this paper is to investigate the relationship between corporate social responsibility (CSR) and financial performance and non-financial performance of Wuliangye, a representative enterprise in China’s liquor industry. Most of these data come from WuLiangYe's annual report and social responsibility report from 2008 to 2020 and the website of The World Brand Lab. After obtaining the data, principal component analysis is used to analyze and score the financial performance indicators of the enterprise. In the non-financial part, brand value of Wuliangye is used as a representative non-financial indicator. Then, the competitiveness score of Wuliangye is calculated by combining financial and non-financial departments. Finally, we began to study the correlation between CSR and competitiveness score, financial score and non-financial score of Wuliangye.

Table 1 Description of related variables

Variable	Measurement
Financial Indicators	Return on Equity
	Return on Total Assets
	Total Assets Turnover
	Quick Ratio
	Cash Coverage Ratio
	Operating Income Growth Rate
	Total Assets Growth Rate
Non-financial Indicators	Ranking of China’s 500 Most Valuable Brands
Corporate Social	Cash Coverage Ratio
	Average Payable Turnover

Responsibility	Main Business Growth Rate=
	Profits to Cost and Expense Ratio
	Effecient Tax Payment Rate
	Donation Rate
	EPS

3.1. Financial Indicators

The selection of financial indicators referred to the ‘Enterprise performance evaluation standard value’ issued by the Financial Supervision and Assessment Bureau of the State-owned Assets Supervision and Administration Commission of the State Council, and selected seven indicators for the performance evaluation of the liquor manufacturing industry from 2008 to 2020. The indicators used are return on equity, return on total assets, total assets turnover, quick ratio, cash coverage ratio, operating income growth rate and total assets growth rate respectively. Using principal component analysis, dimensionality reduction by SPSS software to determine the final financial performance score of Wuliangye Company. Principal component analysis (PCA) is a technique for data compression and feature extraction. Principal component analysis can transform the original multiple variables into an independent principal variable instead of the previous multiple variables.

The financial performance dimensions mainly involve four dimensions: profitability, asset quality, debt risk and business growth.

The analysis and evaluation of corporate profitability comprehensively takes into account the level of enterprise input and output as well as the quality of earnings and cash security. Including indicators: return on equity, return on total assets.

The analysis and evaluation of enterprise asset quality comprehensively reflect the utilization efficiency of monetary resources occupied by the enterprise, the level of asset management and the safety of assets. Including indicators: total asset turnover.

The analysis and evaluation of corporate debt risk comprehensively reflect the debt level, solvency and debt risk of the enterprise. Including indicators: quick ratio, cash coverage ratio.

The analysis and evaluation of enterprise management growth reflect the level of enterprise management growth and development. Including indicators: operating income growth rate, total assets growth rate.

Table 2 Analysis and evaluation

Dimension	Name of index	Formula
Corporate profitability	Return On Equity	Net income/ total equity
	Return On Total Assets	Net income/ average total assets
Corporate asset quality	Total Asset Turnover	Net sales revenue/ average total assets
Corporate debt risk	Quick Ratio	Liquid assets/ quick liabilities
	Cash Coverage Ratio	Operating Income of year (n) – Operating Income of year(n-1))/Operating Income of year(n-1)
Corporate management growth	Operating Income Growth rate	{Operating Income of year (n) – Operating Income of year(n-1))/Operating Income of year(n-1)
	Total Assets Growth Rate	{Total assets of year(n)/total assets of year(n-1)}-1

3.2. Non-Financial Indicators

Non-financial performance measures can hardly be calculated from financial data in specific quantities, but mainly from the management, staff, and customers to reflect the company’s operating performance and potential development. The non-financial indicators that are currently most widely used in companies include customer relationships, strategic objectives, potential development capabilities, employee satisfaction, and innovation capabilities, etc. Compared with financial indicators, non-financial indicators such as service quality, goodwill, employee training, strategic objectives and intellectual capital can better reflect the long-term and continuous development trend of listed companies, and can more accurately reveal the future development and growth trends of listed companies. Due to the fragmentary information from the social responsibility report published by WuLiangYe from 2008 to 2020, the selection of non-financial indicators referred to the ranking of WuLiangYe achieved from a list named China’s 500 Most Valuable Brands which released by the World Brand Lab based on data obtained from financial analysis, consumer behavior analysis and brand strength analysis of Chinese companies once a year since 2004. Using multiple regression analysis to analyze the relationship between non-financial indicators reflecting competitiveness as dependent variables and seven indicators reflecting social responsibility as independent variables.

The chart below shows the ranking of WuLiangYe achieved from China’s 500 Most Valuable Brands from

2008 to 2020.

3.3. Overall Competitiveness

According to the above theory, we combine seven financial indicators with one non-financial indicator for principal component analysis, and calculate the score of Wuliangye enterprise competitiveness by SPSS software

3.4. CSR

According to instrumental stakeholder theory, stakeholders can greatly influence achievement of companies’ goals, including general purpose and financial metrics. To measure CSR, seven interest groups are taken into consideration, including creditors, suppliers, consumers, government, community and shareholders.

CSR to creditors is measured by cash flow to liability ratio, which indicates firms’ ability to pay back debts.

Average payable turnover is used to measure CSR to suppliers since higher average payable turnover presents firm pay suppliers earlier.

CSR to consumers is represented by the main business growth rate and profits to cost and expense ratio. The main business growth rate represents companies’ ability to provide products to consumers, and the higher the growth rate, the greater the CSR, while the cost margin reflects the company’s concessions to consumers, and the lower the cost margin, the greater the CSR.

CSR to the government is reflected in the efficient tax payment rate, which is a reflection of corporate compliance and a measure of corporate contribution to the government.

CSR to the community is reflected by donation rate.

CSR to shareholders is represented by earning per share (EPS), which shows how much shareholders gain for each share held.

Table 3 Measurement for CSR

Dimension	Formula
Creditors	Cash Flow to Liability Ratio = Cash and Cash Equivalent/Total Liability
Suppliers	Average Payable Turnover=Supplier Purchase/Average Payable
Consumers	Main Business Growth Rate= (Main Business Revenue Earned Last Year-Main Business Revenue Earned this Year)/ Main Business Revenue Earned Last Year
	Profits to Cost and Expense Ratio= Profit/(Cost and Expense)
Government	Efficient Tax Payment Rate=(Tax Payment-Tax Deduction)/Average Total Asset
Community	Donation Rate=Amount of Donation/Revenue
Shareholders	EPS=(Net Income-Preferred Stock Dividend)/Average Outstanding Share

4. HYPOTHESIS

H1: In WuLiangYe, CSR performance has a linear and positive impact on corporate financial performance.

H1.1: In WuLiangYe, the CSR performance to creditors has a linear positive impact on corporate financial indicators.

H1.2: In WuLiangYe, the CSR performance to suppliers has a linear positive impact on corporate financial indicators.

H1.3: In WuLiangYe, the CSR performance to consumers has a linear positive impact on corporate financial indicators.

H1.4: In WuLiangYe, the CSR performance of the government has a linear positive impact on corporate financial indicators.

H1.5: In WuLiangYe, the CSR performance to the community has a linear positive impact on corporate financial indicators.

H1.6: In WuLiangYe, the CSR performance to shareholders has a linear positive impact on corporate financial indicators.

H2: In WuLiangYe, CSR performance has a linear and positive impact on corporate non-financial indicators.

Table 4 Competitiveness Score

Year	Score
2020	-0.35592
2019	0.48479

2018	0.00151
2017	-1.12285
2016	-1.58253
2015	-1.89847
2014	-2.90052
2013	-1.48873
2012	2.26719
2011	1.70765
2010	1.74294
2009	2.99395
2008	0.15098

Table 5 Regression results of competitiveness score

Variable	Coefficient	t-Statistic	Prob.
X1	-0.438377	-0.285420	0.7868
X2	8.105515	1.466795	0.2023
X3	8.378836	1.258380	0.2638
X4	0.017861	0.284267	0.7876
X5	12.09844	0.098057	0.9257
X6	-214.9958	-0.324651	0.7586

X7	1.175521	1.036295	0.3476
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R-squared: 0.659623	F-statistic: 1.384225
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Table 6 Correlation

	X1	X2	X3	X4	X5	X6	X7
X1	1	0.744	-0.407	-0.273	0.388	0.310	0.041
X2	0.744	1	-0.291	-0.169	0.479	0.251	0.053
X3	-0.407	-0.291	1	-0.424	-0.586	0.067	-0.743
X4	-0.273	-0.169	-0.424	1	-0.016	-0.557	0.369
X5	0.388	0.479	-0.587	-0.016	1	0.604	0.781
X6	0.310	0.251	0.067	-0.557	0.604	1	0.200
X7	0.041	0.053	-0.743	0.369	0.781	0.200	1

5. RESULTS AND DISCUSSION

5.1 Overall Competitiveness

Principal component score obtained by principal component analysis using SPSS is shown in Table 4. The competitiveness score of Wuliangye Company increased steadily from 2008 to 2012. However, it experienced a rapid decline from 2012 to 2014, which may be due to the liquor quality problem mentioned above in 2011. From 2015 to 2019, the score rose steadily again, In addition, 2020 experienced a small decline.

However, we found through a regression test (see Table 5, 6) that the competitiveness score of Wuliangye enterprise, which integrates financial and non-financial indicators, cannot explain the changes of social responsibility indicators of Wuliangye from 2008 to 2020. The failure of regression may be due to a variety of reasons. We guess that financial and non-financial indicators are respectively correlated with corporate social responsibility. Therefore, we try to test corporate social responsibility from financial and non-financial dimensions. Meanwhile, according to the stakeholder theory, we divide CSR into six dimensions: creditors, suppliers, consumers, government, community and shareholders, and explore their correlation with financial indicators respectively.

5.2 Financial Performance

In order to test the applicability of principal component analysis to the sample of financial indicators of Wuliangye Company, we must conduct the Bartlett spherical test and KMO test. When the KMO value is close to 1, it indicates that the correlation between variables is stronger, so principal component analysis is appropriate. Results are presented in Table 7. It can be seen that the KMO value is 0.702, greater than 0.5. Bartlett's approximate Chi-square test is 87, the degree of freedom is 21, and the significance level is 0.000, which means that there is a linear correlation between these indicators and principal component analysis is suitable for dimensionality reduction. The analysis results are shown in Table 8. We extracted two principal components from the seven financial indicators, and the cumulative contribution rate of these two principal components is about 88.97%, which means that most of the information of the seven financial indicators is included. Therefore, this paper uses these two principal components to replace the seven financial indicators.

According to the principal component score coefficient, F1 is mainly determined by quick ratio, total asset turnover, operating income growth rate and other financial indicators. Thus, F1 is actually a measure of WuLiangYe's short-term solvency, liquidity of assets, and profitability of its own capital. F2 is mainly determined

by Cash Coverage Ratio, return on total assets and other indicators, indicating that F2 mainly measures the solvency and profitability of WuLiangYe Company.

Table 7 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.702
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Bartlett's Test of Sphericity	Approx. Chi-Square	87.036
	df	21
	Sig.	0.000

Table 8 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.888	69.830	69.830	4.888	69.830	69.830
2	1.340	19.140	88.970	1.340	19.140	88.970
3	0.331	4.722	93.692			
4	0.237	3.380	97.072			
5	0.143	2.039	99.111			
6	0.047	0.670	99.781			
7	0.015	0.219	100.000			

Extraction Method: Principal Component Analysis.

Table 9 Communalities

	Initial	Extraction
Return On Equity	1.000	0.907
Return On Total Assets	1.000	0.980
Total Assets Turnover	1.000	0.818
Quick Ratio	1.000	0.922
Cash Coverage Ratio	1.000	0.884
Operating Income Growth Rate	1.000	0.848

According to the above methods, the calculation formulas of comprehensive factor score are shown in Formula:

$$F_1 = 0.341ROE + 0.416ROA + 0.381TAT - 0.432QR + 0.262CCR + 0.400IG + 0.387TAG$$

$$F_2 = -0.504ROE - 0.315ROA - 0.283TAT - 0.072QR + 0.640CCR + 0.221IG + 0.320TAG$$

$$Financial\ Score = 69.83\%F_1 + 19.14\%F_2$$

According to the above formula, the comprehensive score of enterprise finance is calculated, and then the same principal component analysis method is used to calculate the score of enterprise financial performance from 2008 to 2020, as shown in the table 10 below.

Table 10 Financial Score

Year	Financial Score
2020	-2.189
2019	1.545
2018	0.423

2017	0.426
2016	0.286
2015	-3.518
2014	-8.314
2013	-6.987

2012	2.342
2011	3.749
2010	4.532
2009	8.038
2008	-0.325

Table 11 Regression results of financial score

Variable	Coefficient	t-Statistic	Prob.
X1	2.129727	1.830856	0.1266
X2	23.73224	5.670494	0.0024
X3	12.69817	2.518037	0.0533
X4	0.031056	0.652622	0.5428
X5	-26.47055	-0.283274	0.7883
X6	-400.9899	-0.799491	0.4603
X7	0.668806	0.778478	0.4715
R-squared: 0.969070		F-statistic: 22.37924	

As can be seen from the following table, the revenue growth rate of X2's main business and the ratio of X3's Profits to Cost and Expense Ratio are positively correlated with the enterprise's financial score, and the correlation is significant. These two data reflect enterprises' commitment to consumer social responsibility. The results show that WuLiangYe's responsibility to consumers is significantly positively correlated with its financial competitiveness. In addition, X1 cash flow-to-debt ratio, X4 account payable turnover rate, X5 effective tax rate, X6 social donation rate, and X7 EPS have no correlation with financial score. As can be seen from the VIF value in the table, there is no collinearity problem between independent variables, so it is meaningful to conduct empirical research based on this regression model. Therefore, H1.3 is assumed to be valid and H1.1, H1.2, H1.4, H1.5, H1.6 is assumed to be unverified. Regression results show that H1.3 is positively correlated with corporate financial indicators, and it is beneficial for the development of liquor enterprises to pay attention to the social responsibility of consumers. The regression results do not support H1.1,

H1.2, H1.4, H1.5 and H1.6. These data represent the social responsibility of the enterprise to creditors, suppliers, government, community and shareholders. There may be many reasons for the lack of correlation between the five dimensions of social responsibility and the financial competitiveness of WuLiangYe enterprises. For creditors and suppliers, this may be because suppliers have strong bargaining power in transactions with alcohol enterprises, so alcohol enterprises may not pay enough attention to suppliers' fulfillment of social responsibilities. Thus, it weakens the influence of social responsibility on enterprise competitiveness. As for the government and community dimension, WuLiangYe Company, as a state-owned enterprise, has the characteristics of assuming social responsibility to the government and community, thus weakening the impact of its social responsibility on competitiveness. As for the shareholder dimension, it may be because the stock price of Wuliangye Company is greatly affected by the fluctuation of the domestic stock market, thus weakening the impact of its social responsibility on competitiveness.

Table 12 VIF Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
X1	1.353129	311.7670	4.178961
X2	17.51604	9.587431	4.436203
X3	25.43067	128.1122	5.802696
X4	0.002264	4.330686	2.373314
X5	8731.967	206.9292	15.05592
X6	251558.7	12.54677	4.980951
X7	0.738088	42.50372	10.96534

5.3 Non-Financial Performance

The table below presents descriptive statistics and correlation coefficients for each of the variables. It can be noticed that the adjusted R-squared is 0.182868 indicates there is no significant correlation between CSR and non-financial performance reflecting competitiveness.

The number of observations is too small for the regression above that has seven independent variables to get accurate results. The study only collects data from WuLianYe thus it is not enough to represent the whole Chinese liquor industry. The selection of non-financial indicators limited by the contents disclosed in the corporate social responsibility report published by WuLiangYe. As a result, many non-financial performance measures cannot be used to determine the relationship between non-financial indicators reflecting the competitiveness of WuLiangYe and CSR. Instead of choosing non-financial indicators from the CSR report published by WuLiangYe, the ranking of a comprehensive list may be representative. But the facts have proved that a single non-financial indicator cannot provide multi-dimensional representation of the non-financial performance measures.

Table 13 Regression results of non-financial indicator

Variable	Coefficient	t-Statistic	Prob.
X1	0.158975	0.185230	0.8603
X2	-2.547464	-0.824981	0.4469
X3	-4.872247	-1.309495	0.2473
X4	0.009467	0.269642	0.7982

X5	35.49413	0.514818	0.6286
X6	356.5956	0.963629	0.3795
X7	-0.534530	-0.843279	0.4375
R-squared: 0.659528		F-statistic: 1.383645	
Adjusted R-squared: 0.182868			

6. CONCLUSION

The result from empirical analysis above shows that there is no significant correlation between competitiveness and corporate social responsibility. This is partly because the non-financial indicator reflecting competitiveness of WuLiangYe has no relationship with CSR. Meanwhile, five out seven dimensions of financial competitiveness have no relationship with CSR. Only responsibility to consumers is significantly positively correlated with its financial competitiveness. Consumer perspective is much more sensitive to corporate social responsibility than other stakeholder perspectives.

The results are limited by the fact that they were only determined by one liquor enterprise. WuLiangYe as a listed liquor company cannot represent the whole industry. As a Chinese state-owned enterprise, one of the important characteristics that distinguishes Chinese state-owned enterprises from other countries' state-owned enterprises is that they place political responsibility in the first value pursuit. In the information disclosed in the Wuliangye Social Responsibility Reports, many of the social practices the company performs are not related to the core liquor business but linked to political tasks and cannot be quantified for the use of indicators. This undoubtedly increases the difficulty of selecting indicators. The non-financial indicators this paper used

cannot fully reflect the non-financial performances of WuLiangYe. The selected indicators majority refer to monetary data from the financial reports. Implementing CSR activities to consumers has a beneficial influence on obtaining a competitive advantage. The findings of the study can help small entrepreneurs enhance their market competitiveness by concentrating on the most important competitive aspects.

The increased interest in Corporate Social Responsibility in worldwide published literature is mostly a response to the challenges that concern business management practice. These findings might be turned into recommendations for managers to focus on components that contribute to a company's competitiveness in the market.

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